

Message Text

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PAGE 01 STATE 285366

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ORIGIN EB-07

INFO OCT-01 NEA-10 IO-13 ISO-00 AID-05 TRSE-00 AGRE-00

USIA-06 COME-00 CIAE-00 INR-07 NSAE-00 INRE-00 NSC-05

SS-15 NSCE-00 SSO-00 ABF-01 OMB-01 /071 R

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TREASURY: RER0

IO:PBARNES

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O R 200004Z NOV 76

FM SECSTATE WASHDC

TO ALL OECD CAPITALS IMMEDIATE

INFO AMEMBASSY TEHRAN

AMEMBASSY KUWAIT

AMEMBASSY JIDDA

USMISSION USUN NEW YORK

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ROME FOR FODAG

E.O. 11652: N/A

TAGS: EAID, EAGR

SUBJECT: IFAD FUNDING

1. AS PREVIOUSLY REPORTED AT INFORMAL DAC MINISTERIAL MEETING IN PARIS, OCTOBER 27, SUDEARY, SAUDI ARABIA AMBASSADOR TO FAO AND CHAIRMAN, IFAD PREPARATORY COMMISSION, WENT TO RIYADH TO RECOMMEND THAT HIS GOVERNMENT TAKE AN ACTIVE ROLE IN ATTAINING THE BALANCE OF \$31 MILLION NEEDED TO REACH \$1 BILLION IFAD TARGET.

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PAGE 02 STATE 285366

2. WE UNDERSTAND THAT AS A RESULT OF SUDEARY'S TRIP, SAUDI

ARABIAN REPRESENTATIVE MADE AN "INFORMAL PROPOSAL" AT THE OPEC SPECIAL FUND MEETING IN VIENNA ON NOVEMBER 11 THAT GROUP II OPEC COUNTRIES PROVIDE ADDITIONAL \$15.5 MILLION CONTRIBUTION VIA OPEC SPECIAL FUND PROVIDED EQUAL AMOUNT IS PLEDGED BY GROUP I DAC COUNTRIES. DIRECTOR, OPEC SPECIAL FUND, REPLIED THAT A FORMAL PROPOSAL WOULD BE REQUIRED BEFORE IT COULD BE CONSIDERED BY THE SPECIAL FUND.

3. VIA TELEPHONE COMMUNICATION THURSDAY, NOVEMBER 18, SUDEARY TOLD US THAT HE IS IN CONTACT WITH SAUDI FINANCE MINISTER AND IS ENDEAVORING TO HAVE HIS GOVERNMENT MAKE SUCH FORMAL PROPOSAL. SUDEARY SUGGESTED THAT IT WOULD BE EXTREMELY HELPFUL IF GROUP I COUNTRIES WOULD ENCOURAGE AND SUPPORT HIS INITIATIVE.

4. POSTS SHOULD INFORM APPROPRIATE OFFICIALS OF THE SUDEARY INITIATIVE, AND ELICIT HOST GOVERNMENT'S REACTION. YOU SHOULD ALSO MAKE FOLLOWING POINTS:

-- WE VIEW THE SUDEARY PROPOSAL WITH INTEREST. IT DEMONSTRATES OPEC INTEREST IN DEALING WITH IFAD'S FUNDING IMPASSE AND PROMPTLY REACHING THE \$1 BILLION TARGET.

-- BECAUSE OF IMPORTANCE OF ISSUE OF ROUGH PARITY TO WHICH WE AND A NUMBER OF OTHER CATEGORY I MEMBERS TO ATTACH GREAT IMPORTANCE, GROUP I COUNTRIES SHOULD COORDINATE CLOSELY ON THEIR POSITIONS ON THIS AND OTHER POSSIBLE INITIATIVES FOR CLOSING THE FUNDING GAP.

-- WE BELIEVE IT WOULD BE TIMELY AND PRODUCTIVE FOR A NUMBER OF GROUP I MEMBER COUNTRIES TO EXPLORE THE POSSIBILITY AND ACCEPTABILITY OF SUCH A PROPOSAL WITH THE OPEC SPECIAL FUND, SAUDI ARABIA, AND OTHER MEMBERS OF OPEC THROUGH WHATEVER CHANNEL EACH DEEMS MOST EFFECTIVE. IN VIEW OF THE HIGH-LEVEL REPRESENTATION THE U.S. HAS ALREADY MADE TO MAJOR OPEC COUNTRIES, WE DO NOT PLAN FURTHER APPROACHES AT THIS TIME.

5. FYI. IN THE EVENT THIS BECOMES A FIRM OPEC PROPOSAL, U.S. WOULD THEN HAVE TO DECIDE WHETHER CONDITIONS OF LIMITED OFFICIAL USE

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PAGE 03 STATE 285366

ROUGH PARITY HAVE BEEN FULFILLED. END FYI.

6. PLEASE REPORT REACTIONS.

7. FOR U.S. DEL CIEC: WE UNDERSTAND THAT THERE IS SOME CONFUSION SURROUNDING SUDEARY'S INITIATIVE (SEE OECD PARIS 34235) AND THAT THIS INITIATIVE IS BEING REGARDED IN SOME CIRCLES AS BEING A FORMAL PROPOSAL OF THE SAUDI GOVERNMENT

WITH THE CONCURRENCE OF THE OPEC SPECIAL FUND. YOU SHOULD
DRAW ON ABOVE INFORMATION IN YOUR CONTACTS WITH OTHER G-8
DELEGATIONS AND MAKE SURE THEY UNDERSTAND THE TENTATIVE
NATURE OF THIS INITIATIVE. KISSINGER

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